

**Minutes of the Board of Directors Meeting  
of  
Buffalo Urban Development Corporation**

95 Perry Street  
Buffalo, New York 14203  
September 26, 2017  
12:00 p.m.

**1.0 Call to Order**

Directors Present:

Thomas Beauford, Jr.  
Hon. Byron W. Brown (Chair)  
James W. Comerford  
Janique S. Curry  
Dennis W. Elsenbeck  
Darby Fishkin  
Dottie Gallagher-Cohen  
Thomas R. Hersey, Jr.  
Thomas A. Kucharski  
Brendan R. Mehaffy  
Kimberley A. Minkel  
David J. Nasca  
Dennis M. Penman (Vice Chair)  
Craig A. Slater  
Steven J. Stepniak

Directors Absent:

Darius G. Pridgen  
Christopher J. Schoepflin  
Maria R. Whyte

Officers Present:

Peter M. Cammarata, President  
David A. Stebbins, Executive Vice President  
Brandy Merriweather, Vice President  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Bradley Bach, Assistant Treasurer

Others Present: Dawn Boudreau, ECIDA; Timmon M. Favaro, Esq., Cannon Heyman & Weiss, LLP; James Fink, *Buffalo Business First*; Terry LoConte, Gilbane Building Company; Sakina N. Ridell, Esq., Cannon Heyman & Weiss, LLP; and Brett Stiehler, Gilbane Building Company.

**Roll Call; Order of Business** – The Vice Chair called the meeting to order at 12:10 p.m. The Secretary called the roll of directors and a quorum was determined to be present. Items 2.0, 3.0 and 4.3 were presented first, followed items 4.1, 4.2, and 4.4 through 4.8. Mayor Brown and Ms. Curry joined during the presentation of item 4.3. Mr. Beauford left the meeting during the presentation of item 4.1. Mayor Brown, Ms. Gallagher-Cohen and Mr. Mehaffy left the meeting during the presentation of item 4.4.

**2.0 Presentation of the Minutes** – The minutes of the August 29, 2017 meeting of the Board of Directors were presented. Mr. Elsenbeck made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski and unanimously carried.

**3.0 Monthly Financial Reports** – Ms. Profic presented the BUDC monthly financial report for the period ending August 31, 2017. The unrestricted cash balance at the end of the period was \$15,026,165 and the net position at the end of the period was \$19,118,105. Year-to-date revenue was \$4,193,517 and year-to-date expenses were \$1,712,810, resulting in year-to-date net income of \$2,480,707. Ms. Profic then reviewed the balance sheet and income statement for 683 Northland LLC for the period ending August 31, 2017. Mr. Gallagher-Cohen made a motion to accept the financial reports. The motion was seconded by Mr. Nasca and unanimously carried.

#### **4.0 New Business**

**4.1 683 Northland – Gilbane Guaranteed Maximum Price (GMP) Make-up & Index** – Mr. Stebbins presented his September 26, 2017 memorandum regarding the guaranteed maximum price (GMP) amendment to the construction management agreement between BUDC and Gilbane Building Company for the construction of the 683 Northland/WNY Workforce Training Center. Mr. Stebbins stated that BUDC received a draft GMP amendment from Gilbane late last week, and that BUDC executive staff and Board member Thomas Kucharski met with Gilbane representatives yesterday to begin review of the draft GMP documentation. Mr. Stebbins then introduced Terry LoConte from Gilbane to explain the GMP process and review the GMP handouts that were included in the Board agenda packet. Mr. LoConte first explained the difference between a traditional lump sum bid contract and a cost-plus contract with a guaranteed maximum price. He noted that with a traditional lump sum bid contract, 100% of the design is completed first, and then the work is bid out. With a cost plus/GMP contract, portions of the project can be bid out before the design is 100% complete. This allows for projects to be completed on aggressive time schedules without a lot of change orders. Referring to the GMP Make-up handout, Mr. LoConte proceeded with an overview of the GMP process, including a review of contingencies, allowances and the sharing of project cost savings between BUDC and Gilbane. He noted that the cost savings on the CM contingencies and allowances is 60/40 and the cost savings on the owner contingencies and allowances is 100% to the owner. Mr. Stebbins indicated that contingencies were added to the GMP for costs relating to windows, environmental remediation and winterizing the project. A question and answer session followed the presentation. Mr. Kucharski commented on the GMP process, noting that BUDC executive staff and Gilbane have been attentive to the financial issues and are working together to identify cost savings for the project. In response to a question from Mayor Brown, Mr. Stebbins confirmed that this is the first construction project in which BUDC retained a construction manager under a cost plus/GMP contract. Mr. Comerford noted that the City of Buffalo utilized a construction manager for the construction of Pilot Field. Mr. LoConte added that many states are using cost plus/GMP contracts, and that New York State is slowly moving in that direction. Mr. Stebbins indicated that the final GMP amendment will be presented to the Board for approval at the October 31<sup>st</sup> Board meeting.

**4.2 683 Northland – Gilbane Subcontractor Work** – Mr. Stebbins presented his September 26, 2017 memorandum concerning four additional early bid packages advanced by Gilbane to maintain the scheduled substantial completion of the WNY Workforce Training Center by July 1, 2018. Mr. Stebbins noted that these early bid packages will be accounted for in the final guaranteed maximum price (GMP) amendment. The following four subcontractor bids were presented to the Board for approval: interior masonry; drywall, carpentry and ceilings; site utilities and remediation; and telephone, data and communications. The Vice Chair requested that Mr. Stebbins present all of his memoranda concerning the subcontractor bids at once and that the Board delay discussion, questions and consideration of the approval of the subcontractor bids until Mr. Stebbins concluded his presentation. Mr. Stebbins then presented the following items:

**4.2.1 Interior Masonry** – Mr. Stebbins presented his September 26, 2017 memorandum regarding the proposed award of interior masonry work for the 683 Northland project. Gilbane solicited proposals from nine contractors and received a single proposal in

response. Thomas Johnson Inc., a local contractor, submitted a cost proposal in the amount of \$1,180,000. The contractor submitted an M/WBE utilization plan that includes 12% MBE and 3% WBE utilization. This bid result was reviewed with the Real Estate Committee at its September 19, 2017 meeting and was recommended for Board approval.

**4.2.2 Drywall, Carpentry & Ceilings** – Mr. Stebbins presented his September 26, 2017 memorandum regarding the proposed award of drywall, carpentry and ceilings work for the 683 Northland project. Gilbane solicited proposals from twelve contractors and received proposals from four contractors for the work. Mader Construction Company, Inc., a local contractor, submitted the lowest cost proposal in the amount of \$1,727,015. The contractor submitted an M/WBE utilization plan that includes 25% MBE and 5% WBE utilization. This bid result was reviewed with the Real Estate Committee at its September 19, 2017 meeting and was recommended for Board approval.

**4.2.3 Site Utilities & Remediation** – Mr. Stebbins presented his September 26, 2017 memorandum regarding the proposed award of site utilities and remediation work for the 683 Northland project. Gilbane solicited proposals from six contractors and received proposals from three contractors for the work. Total Wrecking & Environmental, LLC, a local contractor, submitted the lowest cost proposal in the amount of \$2,578,420. The contractor submitted an M/WBE utilization plan that includes 25% MBE and 5% WBE utilization. This bid result was reviewed with the Real Estate Committee at its September 19, 2017 meeting and was recommended for Board approval.

**4.2.4 Tele/Data & Communications** – Mr. Stebbins presented his September 26, 2017 memorandum regarding the proposed award of tele/data and communications work for the 683 Northland project. Gilbane solicited proposals from eleven contractors and received proposals from three contractors for the work. Weydman Electric Inc., a local MBE, submitted the lowest cost proposal in the amount of \$544,000. This bid result was reviewed with the Real Estate Committee at its September 19, 2017 meeting and was recommended for Board approval.

The Board discussed the subcontractor proposals. In response to a question from Mayor Brown, Mr. Stebbins indicated that when Gilbane receives an M/WBE utilization plan that falls short of the goals for the project, it works with the contractor to see if utilization can be increased prior to recommending a bid award. Mr. Slater noted that only one contractor submitted a proposal for the masonry work, which was attributed to a shortage of masonry contractors. There being no further discussion, Mr. Comerford made a motion to approve and authorize the President or Executive Vice President to execute Gilbane's September 15, 2017 award recommendation letters with respect to the following proposed contract awards:

- Gilbane's proposed award of the interior masonry subcontract to Thomas Johnson Inc. for the contract amount of \$1,180,000;
- Gilbane's proposed award of the drywall, carpentry and ceilings subcontract to Mader Construction Company, Inc. for the contract amount of \$1,727,015;
- Gilbane's proposed award of the site utilities and remediation subcontract to Total Wrecking & Environmental, LLC for the contract amount of \$2,578,420; and
- Gilbane's proposed award of the tele/data and communications subcontract to Weydman Electric Inc. for the contract amount of \$544,000.

The motion was seconded by Mr. Stepniak and unanimously carried, with the exception that Mr. Nasca abstained from voting with respect to the award of the drywall, carpentry and ceilings subcontract to Mader Construction Company, Inc.

**4.3 683 Northland - Authorization of Tax Credits and Financing Transaction** – Mr. Stebbins presented his September 26, 2017 memorandum requesting that the Board of Directors authorize BUDC to proceed with the closing of the federal and NYS Historic Rehabilitation tax credits transaction, the federal New Markets tax credits transaction and the bridge loan financing with KeyBank, all in connection with financing the construction of the WNY Workforce Training Center at 683 Northland.

Mr. Stebbins began by noting that BUDC has been working with its tax credits consulting team, which is comprised of Cannon Heyman & Weiss, LLP and Divitta Alexander PLLC (M/WBE) (for legal services), RubinBrown LLP, Freed Maxick and Christine Learman (WBE) (for tax and accounting services) to structure a financing transaction that will result in the first phase of the 683 Northland/WNY Workforce Training Center project qualifying for federal and NYS Historic Rehabilitation tax credits, and federal New Markets tax credits (NMTC). He noted that the current financial model prepared by RubinBrown shows that the project will receive approximately 13 million dollars in equity contributions as a result of the federal and NYS Historic Rehabilitation tax credits and approximately 4.7 million dollars as a result of NMTC. Mr. Stebbins stated that without these tax credits, the project would have a funding shortfall. Mr. Stebbins referred the Board to the materials in the Board agenda packet accompanying his September 26<sup>th</sup> memorandum, specifically the September 20, 2017 legal memorandum prepared by Cannon, Heyman & Weiss, LLP, the organizational chart and the proposed Board of Directors resolutions, which include an exhibit detailing the various separate actions to be authorized for the tax credits transaction to proceed. Mr. Stebbins acknowledged the complexity of the tax credits transaction, and noted that BUDC is relying upon the expertise and advice of its tax credits consulting team in moving forward with the transaction. He then introduced Tim Favaro to review the transaction and to answer Board member questions.

Mr. Favaro presented an overview of the tax credits transaction. He indicated that in his experience, clients that undertake tax credits projects are generally most concerned with identifying the specific risks that may be unique to a tax credits transaction. He noted that BUDC will be asked to provide certain guarantees relating to the project, which are not atypical of any construction project. These guarantees include a construction completion guaranty, environmental indemnity and an operating deficit guaranty. He explained that there are requirements under the historic tax credits and NMTC programs that must be complied with in order to avoid exposing BUDC to recapture liability. However, compliance with these requirements is largely within the control of BUDC. For example, under the historic tax credits program, ownership of the property cannot be transferred during the five year period commencing from the date that the property is placed in service, and the property must be used for income generating purposes. Under the NMTC program, the property cannot be leased to a "sin" business such as a liquor store, gambling facility, or country club. Mr. Favaro then reviewed the list of transactions set forth in Exhibit A to the Board of Directors resolutions and the organizational chart.

A question and answer session followed Mr. Favaro's presentation. Mr. Mehaffy asked about the operating deficit guaranty. Mr. Favaro explained that similar to a conventional financing transaction, there is a debt service obligation for this transaction. The owner is required to make debt service payments, which will be funded from building rents. To the extent that building rents are insufficient to meet debt service obligations, BUDC would be required to cover the shortfall as the guarantor. Mr. Stebbins commented that the financial model prepared by RubinBrown projects that the revenue from pre-paid rent will cover much of this obligation. He noted that BUDC expects a similar arrangement will be put in place for the Buffalo Manufacturing Works tenant space and that two other potential tenants, Buffalo Employment Training Center and the Buffalo Public Schools, would further supplement the rental income stream. Mr. Penman suggested that Mr. Favaro prepare a risk assessment memorandum so that BUDC can formulate a risk mitigation plan. The Board then discussed the leasing arrangement with the Economic Development Group for the workforce training center. Mr. Stebbins noted that a lease

agreement has not been signed. Ms. Gallagher-Cohen asked whether Empire State Development (ESD) would consider entering into a direct lease with BUDC for the workforce training center space. Mr. Favaro responded that ESD cannot be the direct tenant because it provided the funding for the project. ESD would also have to go through a Public Authorities Control Board (PACB) approval process in order to create a subsidiary to serve as tenant. Mr. Favaro further indicated that it was unlikely that ESD would guaranty the lease because it provided funding for the project. There being no further discussion, upon motion made by Mr. Slater, seconded by Mr. Nasca and unanimously carried (15-0-0), it was resolved, that the Board of Directors adopt the Resolutions of the Board of Directors of Buffalo Urban Development Corporation and that a true and complete copy of the Resolutions be attached to the minutes of this meeting.

- 4.4 2018 BUDC "Draft" Budget & Three Year Forecast** – Ms. Profic presented her September 26, 2017 memorandum regarding the draft 2018 budget and 2019-2021 forecast. She also circulated to the Board an updated draft of the budget, noting that the revised version now includes a separate budget for 683 Northland LLC, which is the BUDC subsidiary that owns the real property that is the site of the Workforce Training Center. Ms. Profic then presented the draft budget, outlining the budgeted sources and uses of funds, cash flow projections and the project-by-project budget detail. A discussion followed Ms. Profic's presentation. Mr. Cammarata noted that the proposed budget contemplates BUDC hiring a new project manager to assist with current and future BUDC projects. Ms. Profic requested that Board members submit questions and comments regarding the proposed budget and forecast to Mr. Penman or to her on or before October 20<sup>th</sup>. Formal Board approval of the budget will be requested at the October 31<sup>st</sup> Board meeting.
- 4.5 Northland Beltline Project Update** – In lieu of an oral presentation, Mr. Stebbins circulated a written update to the Board regarding the Northland Belt Line project. He encouraged Board members to review the written update and contact BUDC executive staff with any questions or comments.
- 4.6 Buffalo Building Reuse Project Update** – Ms. Merriweather reported that the Common Council recently approved a consulting contract for the design and planning work for the Erie/Shelton Square greenway project. Design work is expected to begin in the next few weeks. She then reported on the issuance of the request for proposals for the downtown housing study. Ms. Merriweather also informed the Board that proposals for BBRP loan program are due this Friday. She concluded her report with an update regarding BUDC's submission for the *Business First* Core Strength publication, and thanked the Mayor's Office of Strategic Planning and Invest Buffalo Niagara for assisting with the submission.
- 4.7 Buffalo Lakeside Commerce Park Update** – Mr. Cammarata updated the Board regarding progress on the NYSDEC Superfund remediation work at Parcel 4. He circulated to the Board a photograph of the project area where flue ash was removed. The project is slightly ahead of schedule. Mr. Cammarata also reported that BUDC recently submitted a proposed land disposition agreement to a prospect that is interested in purchasing the parcel located at 24 Laborer's Way. He concluded his report with an update regarding a request for proposals that was recently issued for snow removal and landscaping services for Buffalo Lakeside Commerce Park.
- 4.8 Information Package** – – Mr. Cammarata reviewed the informational, marketing and media materials that were included in the monthly information package provided to the Board.

**5.0 Late Files** – None.

**6.0 Tabled Items** – None.

7.0 **Executive Session** – None.

8.0 **Adjournment** – There being no further business to come before the Board, upon motion made by Mr. Slater, seconded by Mr. Nasca and unanimously carried, the September 26, 2017 meeting of the Board of Directors was adjourned at 1:45 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin J. Zanner', written over a horizontal line.

Kevin J. Zanner, Secretary

RESOLUTIONS OF THE BOARD OF DIRECTORS  
OF  
BUFFALO URBAN DEVELOPMENT CORPORATION

Reference is hereby made to Exhibit A attached hereto and made a part hereof (the “Transactions Description”). All definitions not otherwise defined herein shall have the meanings set forth on the Transactions Description.

The Board of Directors of Buffalo Urban Development Corporation (“BUDC”) hereby adopt the following resolutions and consent to the taking of the corporate actions hereinafter specified (or contemplated therein or thereby), and these resolutions have not been amended, modified or repealed:

RESOLVED, that (i) BUDC and (ii) all affiliates of which BUDC holds a direct or indirect interest are hereby authorized and empowered to enter into the applicable transactions more particularly described in the Transactions Description, including but not limited to the Master Lease, the Construction, the NMTC Structure, the NMTC Guaranties, the Grants, the EDG Grant, the Equity Contributions, the Leverage Loan, the BA QLICI Loans, the NTCIC QLICI Loans, the HTC IM Admission, the HTC Guaranties, the Pass Through Agreement, the Development Activities, the Assignment of Contracts, the Construction Services, the Architectural Services, the BBRC Contribution, the KeyBank Bridge Loan and the KeyBank Guaranty (collectively, the “Transactions”); and it is

FURTHER RESOLVED, that (i) BUDC and (ii) all affiliates of which BUDC holds a direct or indirect interest are hereby authorized and empowered to execute and deliver any and all documents necessary to consummate the Transactions (collectively, the “Transaction Documents”), which documents may contain such terms, provisions, conditions, stipulations and agreements as BUDC may deem proper and advisable, and that the Chair, the Vice Chair, the President or the Executive Vice President of BUDC (each an “Authorized Representative”) is authorized to act on behalf of BUDC to execute and deliver such Transaction Documents as such Authorized Representative may deem proper and advisable in order to effectuate the Transactions; and it is

FURTHER RESOLVED that BUDC and all affiliates of which BUDC holds a direct or indirect interest be and hereby is, authorized, empowered and directed to borrow such amounts as set forth in the Transaction Documents, upon such terms and conditions as the Authorized Representative of BUDC determines, the same to be conclusively evidenced by his execution and delivery of such agreements in the name and on behalf of BUDC; and it is

FURTHER RESOLVED that BUDC and all affiliates of which BUDC holds a direct or indirect interest be and hereby is authorized, empowered and directed to mortgage, pledge, assign, and grant such security interests in and otherwise transfer such real, personal or mixed property now or hereafter owned by BUDC as collateral security for any and all liabilities of

BUDC to the parties as set forth in the Transactions Description, whenever and however arising which are necessary to consummate the Transaction; and it is

FURTHER RESOLVED that BUDC and all affiliates of which BUDC holds a direct or indirect interest be and hereby is authorized, empowered and directed to modify, supplement or amend any such mortgages, agreements, documents and collateral security, from time to time and the Authorized Representative determines to be in the best interests of BUDC; and#

FURTHER RESOLVED, that in addition to and without limiting the generality of the foregoing resolutions with respect to the foregoing transactions, the Authorized Representative, be, and is, authorized and directed to take such further action in connection with said transactions and to execute and deliver such instruments as such Authorized Representative, with advice of counsel may deem appropriate to carry out the foregoing resolutions; and the taking of such action or execution of such instruments shall be deemed conclusive evidence of the determination of such Authorized Representative that such action or execution was appropriate and in the best interest of BUDC; and it is

FURTHER RESOLVED, that all action taken and all instruments executed by authorized persons on behalf of BUDC prior to the adoption of these resolutions with respect to the financing of the Project and all matters related thereto, are hereby ratified, confirmed and approved.

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## EXHIBIT A

### AUTHORIZED TRANSACTIONS FOR THE DEVELOPMENT OF THE 683 NORTHLAND PROJECT

**Factual Description:** Buffalo Urban Development Corporation, a New York not-for-profit local development corporation (the “Sponsor”), is the sponsor of the substantial rehabilitation of an approximately 242,000 square foot building (the “Building”) located at 683 Northland Avenue, Buffalo, New York (the “Project”). 683 Northland LLC (the “Company”) is a New York limited liability company which has been formed by BUDC for the purposes of developing, owning, constructing and leasing the Project. 683 WTC, LLC, a New York limited liability company (the “Managing Member”), formed by BUDC holds or is expected to hold a 95% membership interest in the Company, and BBRC Land Company I, LLC, a New York limited liability company (the “BBRC Member”), holds or is expected to hold a 5% membership interest in the Company. The Sponsor is the sole member of the Managing Member, and Buffalo Brownfield Restoration Corporation, a New York not-for-profit corporation (“BBRC”), is the sole member of the BBRC Member. 683 Northland Master Tenant, LLC (the “Master Tenant”) is a New York limited liability company which has been formed by BUDC for the purposes of developing, leasing and operating the Project. The Master Tenant is currently owned by the Managing Member. In connection with the development of the Project, it is anticipated that the Sponsor, the Company, the Managing Member, the BBRC Member, BBRC and the Master Tenant together with their affiliates (collectively, the “Participants”), as applicable, will enter into a series of transactions described as follows:

**Transaction 1** – The Company and the Master Tenant are expected to enter into a master lease agreement and any other related documents whereby (i) the Company will lease the entire Project to the Master Tenant (the “Master Lease”), and (ii) the Company will be responsible for the development, rehabilitation, construction and operation of the Project (the “Construction”);

**Transaction 2** – In connection with the operation of the Project, the Master Tenant, as lessor, is expected to enter into various commercial subleases with various subtenants, including, without limitation, a WNY Workforce Training Center Lease (the “WTC Lease”) with The Economic Development Group, Inc. (the “EDG”), as lessee, for commercial space in the Building (collectively, the “Project Subleases”);

**Transaction 3** – In furtherance of the development of the Project, a financing structure will be utilized which employs, among other things, the federal New Markets Tax Credit (“NMTC”) program as set forth in 26 U.S.C. Section 45D (the “NMTC Structure”) which is set forth below. The NMTC Structure contemplates the making of a leverage loan to an investment fund, the proceeds of which leverage loan will, together with certain equity investments, be invested in the form of one or more qualified equity investments (“QEIs”) in one or more community development entities or affiliates thereof (“CDEs”) that have NMTC allocation authority awarded by a division of the United States Treasury Department. The proceeds of the QEIs will be loaned by the CDEs to the Company as a qualified active low income community business

(the “QALICB”) in the form of qualified low-income community investment loans (“QLICI Loans”) to enable the development, construction and rehabilitation of the Project;

**Transaction 4** – In connection with the NMTC Structure, the Sponsor is expected to enter into and unconditional guaranty of New Markets Tax Credits, put price and environmental indemnification, and the Sponsor is expected to enter into an investment fund put and call agreement and any and all documents to be entered into in connection therewith (collectively, the “NMTC Guaranties”);

**Transaction 5** – The Sponsor has applied for and accepted various grants from Empire State Development (ESD), New York Power Authority (NYPA), National Grid and the City of Buffalo and may apply for other grants as necessary to support the development, construction, rehabilitation and operation of the Project (collectively, the “Grants”);

**Transaction 6** – It is expected that the Sponsor will use a portion of the proceeds of the Grants to make a grant to EDG in an amount sufficient to enable EDG to pay the pre-paid rent obligations owing to Master Tenant under the EDG Lease (the “EDG Grant”);

**Transaction 7** – The Sponsor and the Participants are expected to contribute equity to the Project from various sources including, without limitation, (a) a portion of the proceeds of the Grants, and (b) any proceeds received from a refund from the State of New York of certain New York State Brownfield Tax Credits claimed by the Sponsor or its affiliates with respect to the Project (the “Equity Contributions”);

**Transaction 8** – The Sponsor is expected to use a portion of the proceeds of the Grants to fund a leverage loan in the principal amount of approximately [\$9,304,400] (the “Leverage Loan”) that the Sponsor expects to make to Northland NMTC Investment Fund, LLC (the “Investment Fund”), 100% of which is owned by Citibank, N.A. or an affiliate thereof (the “NMTC Investor”). The Leverage Loan combined with an equity investment by the NMTC Investor into the Investment Fund will be used by the Investment Fund to make QEIs in two (2) CDEs that have NMTC allocation authority awarded by a division of the United States Treasury Department. The QEIs will generate NMTCs for the NMTC Investor and will be primarily used by the CDEs to make QLICI Loans to the Company to enable the development, construction and rehabilitation of the Project;

**Transaction 9** – The Company is expected to borrow from BACDE NMTC Fund 16, LLC the proceeds of the following loans: (a) a loan in the principal amount of approximately [\$9,304,400] (the “BA QLICI Loan A”); and (b) a loan in the principal amount of approximately [\$4,345,600] (the “BA QLICI Loan B” and together with the BA QLICI Loan A, the “BA QLICI Loans”). The BA QLICI Loans will be collateralized and secured by, among other collateral and security instruments, a mortgage on the Project, and may be further memorialized by a credit agreement, a promissory note, guaranty agreements and other loan documents;

**Transaction 10** – The Company is expected to borrow from NTCIC-Northland, LLC the proceeds of the following loans: (a) a loan in the principal amount of approximately [\$3,323,000] (the “NTCIC QLICI Loan A”); and (b) a loan in the principal amount of

approximately [\$1,327,000] (the “NTCIC QLICI Loan B” and together with the NTCIC QLICI Loan A, the “NTCIC QLICI Loans”). The NTCIC QLICI Loans will be collateralized and secured by, among other collateral and security instruments, a mortgage on the Project, and may be further memorialized by a credit agreement, a promissory note, guaranty agreements and other loan documents;

**Transaction 11** – To facilitate the syndication of Federal and State historic tax credits, the Master Tenant is expected to admit NTCIC HTC Community Fund II, LLC (the “HTC Investor Member”) with a 99% interest in accordance with an amended and restated operating agreement of the Master Tenant between the Managing Member and the HTC Investor Member, and the Master Tenant, Managing Member, the Company and the Sponsor, as applicable, are expected to enter into any and all documents to be entered into in connection with such admission including any required guaranty agreements in favor of the HTC Investor Member (the “HTC IM Admission”);

**Transaction 12** - In connection with the HTC IM Admission, the Sponsor is expected to enter into certain guarantees including but not limited to a guaranty of the HTC Investor Member put option price, an environmental indemnification, a construction completion guaranty, an operating deficits guaranty and a guaranty of the historic tax credits should there be a recapture of the historic tax credits and HTC Investor Member suffers a loss as a result, (collectively, the “HTC Guaranties”);

**Transaction 13** – The Company and the Master Tenant are expected to enter into a pass through agreement and any other related documents for purposes of assigning the Federal and State historic tax credits to the Master Tenant (the “Pass Through Agreement”);

**Transaction 14** – In connection with the development of the Project, it is expected that the Sponsor will serve as the developer for the Project and one or more of the Participants will be required to engage in various development activities and enter into various agreements and other transaction documents, including without limitation any agreements for development services, consultant services and design services (the “Development Activities”);

**Transaction 15** – The Sponsor and the Company are expected to enter into an assignment agreement whereby the Sponsor will assign to the Company and the Company will take by assignment various contracts entered into by the Sponsor in connection with the Project prior to the date hereof (the “Assignment of Contracts”);

**Transaction 16** – The Company is expected to enter into or take by assignment from the Sponsor a construction management agreement and any other related documents with Gilbane Building Company for general contracting services for the construction and rehabilitation of the Project (the “Construction Services”);

**Transaction 17** – The Company is expected to enter into or take by assignment from the Sponsor an architects agreement and any other related documents with Watts Architecture & Engineering, D.P.C. for architectural services for the construction and rehabilitation of the Project (the “Architectural Services”);

**Transaction 18** – The Sponsor is expected to use a portion of the proceeds of the Grants to make a donation to BBRC, that will use the proceeds of such donation to make a loan to BBRC Member that will use such loan proceeds to make a capital contribution to Company to facilitate the rehabilitation of the Project (the “BBRC Contribution”);

**Transaction 19** – The Company is expected to borrow from KeyBank, National Association the proceeds of a loan in the maximum principal amount of approximately \$20,000,000 (the “KeyBank Bridge Loan”), the material terms of which are outlined in that certain Summary of Terms and Conditions dated May 2, 2017 (the “Term Sheet”). The KeyBank Bridge Loan is expected to be secured by such collateral as outlined in the Term Sheet; and

**Transaction 20** – In connection with the KeyBank Bridge Loan, the Sponsor is expected to enter into a guaranty of the KeyBank Bridge Loan and any and all documents to be entered into by the Sponsor in connection therewith (the “KeyBank Guaranty”).

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